

Internal Revenue Service

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PLR-121860-13

Date:

November 19, 2013

Legend

Distributing 2 =

Distributing 1 =

Controlled =

Sub 1 =

Sub 2 =

Sub 3 =

Foreign Parent =

FSub 1 =

FSub 2 =

FSub 3 =

FSub 4 =

FSub 5 =

FSub 6 =

FSub 7 =

Country A =

Country B =

Country C =

Business A =

Business B =

Business C =

Date 1 =

a =

b =

c =

d =

e =

f =

g =

h =

i =

j =

k =

Dear :

This letter responds to your letter dated May 8, 2013, submitted by your authorized representatives, requesting rulings on certain Federal income tax consequences of a series of proposed transactions (the "Proposed Transactions"). The information provided in that request and in later correspondence is summarized below.

The rulings contained in this letter are based upon facts and representations submitted by the taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process. Moreover, this office has not reviewed any information pertaining to, and has made no determination regarding, whether the distributions described below: (i) satisfy the business purpose requirement of § 1.355-2(b) of the Income Tax Regulations; (ii) are used principally as a device for the distribution of the earnings and profits of a distributing corporation or a controlled corporation or both (see section 355(a)(1)(B) of the Internal Revenue Code and Treas. Reg. § 1.355-2(d)); or (iii) are part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in any distributing corporation or any controlled corporation (see section 355(e)(2)(A)(ii) and Treas. Reg. § 1.355-7).

SUMMARY OF FACTS

Foreign Parent is a Country A entity classified as a corporation for federal income tax purposes, and is the parent of a multinational group of corporations that operates Business A, Business B, and Business C (the "Foreign Parent Group"). The stock of Foreign Parent is widely held and publicly traded.

Foreign Parent directly owns all of the stock of FSub 1, a Country A entity classified as a corporation. Foreign Parent also owns a percent of the stock of FSub 2, a Country A entity classified as a corporation. FSub 1 owns the remaining b percent of

the stock of FSub 2. FSub 1 also owns all of the stock of FSub 6 and FSub 7, each a Country A entity classified as a corporation. FSub 7 and its foreign subsidiaries conduct a portion of Business C in the Foreign Parent Group.

FSub 2 owns all of the outstanding stock of Distributing 2, a domestic corporation that is the common parent of an affiliated group of corporations that file a consolidated U.S. federal income tax return (the “Distributing 2 Group”). Distributing 2 directly owns all of the stock of Distributing 1, Distributing 1 directly owns all of the stock in Controlled, Controlled directly owns all of the stock in Sub 1, and Sub 1 directly owns all of the stock in Sub 2. Each of Distributing 1, Controlled, Sub 1 and Sub 2 is a subsidiary within the meaning of Treas. Reg. § 1.1502-1(c) of the Distributing 2 Group (a “subsidiary”).

Distributing 2 directly and indirectly owns all of the stock of and interests in several subsidiaries in the Distributing 2 Group that, together with Distributing 2, are engaged in Business A in the U.S. Following the Second Distribution (described below), these entities will all belong to the separate affiliated group within the meaning of section 355(b)(3)(B) (the “SAG”) of Distributing 2 (the “Distributing 2 SAG”) and will continue to conduct Business A.

Distributing 1 directly and indirectly owns all of the stock of several subsidiaries in the Distributing 2 Group that, together with Distributing 1, are engaged in Business B in the U.S. Following the First Distribution (described below), these entities will all belong to the SAG of Distributing 1 (the “Distributing 1 SAG”) and will continue to conduct Business B.

Controlled directly owns all of the stock of Sub 1 and several other subsidiaries, and indirectly owns all of the stock of Sub 2. Controlled, Sub 1, Sub 2, and the other corporations directly owned by Controlled compose the “Controlled Subgroup.” The Controlled Subgroup is engaged in Business C in the U.S. Following the First Distribution and the Second Distribution, these entities will all belong to the SAG of Controlled (the “Controlled SAG”) and will continue to conduct Business C.

FSub 1 owns c percent of the stock of FSub 3, a Country B corporation. The remaining d percent of the stock of FSub 3 is owned by Distributing 2. FSub 3 owns e percent of the stock of each of FSub 4 and FSub 5, both Country B corporations. The remaining f percent of the stock of each of FSub 4 and FSub 5 is owned by Sub 1.

The Second Distribution is being undertaken to facilitate the global separation of Business C from the Foreign Parent Group, which will continue to conduct Business A and Business B following the Proposed Transactions. Following the Second Distribution, Foreign Parent will transfer Controlled’s stock, as well as other elements of Business C in the Foreign Parent Group, into FSub 7 and will distribute the stock of FSub 7 to its shareholders in a transaction that will constitute a “demerger” under Country A law (the “Global Separation”).

The Second Distribution will separate Business C from Business A and Business B in order to (a) improve the operational performance of Business A and Business B by allowing management to direct its energy and resources to these businesses, (b) improve the operational performance of Business C by allowing management to pursue their own business strategy and establish a capital structure and financial policies aligned to this business, (c) enhance the value to the shareholders of both Businesses A and B and Business C and provide them with increased flexibility for managing their exposure to both businesses, and (d) facilitate the global realignment of all of the businesses in the Foreign Parent Group in order to improve the operational efficiency of Foreign Parent's businesses (collectively, the "Corporate Business Purposes"). The First Distribution will facilitate the Second Distribution and the Global Separation.

PROPOSED TRANSACTIONS

To achieve the Corporate Business Purposes, Distributing 2 has proposed and partially undertaken the following series of transactions:

- (i) On Date 1, Controlled formed a new subsidiary corporation, Sub 3, which will become a finance company in the Controlled SAG following the Global Separation.
- (ii) FSub 3 will distribute pro rata all of the stock it holds in FSub 4 and FSub 5 to its shareholders, FSub 1 and Distributing 2 (the "Country B Distributions"). Immediately following the Country B Distributions, Distributing 2 will distribute the shares of FSub 4 and FSub 5 it received in connection with the Country B Distributions to FSub 2 in a distribution to which section 301 will apply.
- (iii) Sub 1 will contribute its intercompany receivable due from Sub 2 in the amount of approximately \$g to Sub 2.
- (iv) FSub 6 will transfer \$h (an amount equal to a pre-existing intercompany payable Sub 1 owes to Distributing 2) to Sub 1 in exchange for Sub 1's issuance of a debt instrument (the "Sub 1 Note").
- (v) Sub 1 will use the proceeds of the Sub 1 Note to repay the pre-existing intercompany payable from Sub 1 to Distributing 2. Distributing 2 will use the proceeds received from Sub 1 to repay existing third party debt of Distributing 2.
- (vi) Distributing 1 will distribute all of the stock of Controlled to Distributing 2 (the "First Distribution").
- (vii) Distributing 2 will distribute all of the stock of Controlled to FSub 2 (the "Second Distribution").

The following is a summary of the Proposed Transactions that are planned to take place outside the U.S.

- (viii) Foreign Parent will transfer its interests in FSub 2 to FSub 1. Thereafter, FSub 2 will distribute all of the stock of Controlled to FSub 1. FSub 1 will then transfer all of the stock of Controlled to FSub 7. FSub 1 has or will transfer or sell the non-U.S. portions of Business C that it owns to FSub 7. FSub 7 will then transfer the Controlled stock to an indirect, wholly-owned foreign affiliate of FSub 7.
- (ix) FSub 1 will sell the stock of FSub 7 to Foreign Parent.
- (x) Pursuant to a demerger under Country A law, Foreign Parent will distribute the stock of FSub 7 pro rata to its shareholders in the Global Separation.
- (xi) At the time of or immediately following the distribution of FSub 7 in the Global Separation, Sub 3 will borrow \$h (the amount of the Sub 1 Note) from unrelated third party lenders (the “Sub 3 Note”). Sub 3 will then lend the proceeds of the Sub 3 Note to Sub 1, and Sub 1 will use such proceeds to repay the Sub 1 Note to FSub 6.

In connection with the Proposed Transactions, the Distributing 2 Group and the Controlled Subgroup have entered into a variety of agreements (collectively, the “Continuing Agreements”), including a tax sharing and indemnification agreement, a separation agreement, and a deed of cross guarantee that is expected to expire within i months following the Global Separation.

In connection with the Global Separation, Foreign Parent will initiate a sale facility that will enable certain shareholders of Foreign Parent’s stock to sell the FSub 7 stock they would have received in the Global Separation without the need to individually manage the stock transactions and incur transaction fees for such sales (the “FSub 7 Sale Facility”). Under the FSub 7 Sale Facility, small shareholders who would generally receive fewer than j shares of FSub 7 stock in the Global Separation will be eligible to participate in the facility and those shareholders whose physical locations make them ineligible to receive such stock generally will be required to participate in the facility (collectively, the “Selling Shareholders”). The Selling Shareholders in aggregate are expected to represent less than one percent of the ownership of the total Foreign Parent stock outstanding prior to the Global Separation. Pursuant to the FSub 7 Sale Facility, the shares of FSub 7 that would have been received by the Selling Shareholders will instead be issued to a nominee who will sell such shares over a period of up to k weeks in the open market and will remit the proceeds of such sales to the Selling Shareholders.

REPRESENTATIONS

Distributing 2 has made the following representations for the Proposed Transactions:

The First Distribution

- (a) No part of the consideration to be distributed by Distributing 1 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 1.
- (b) The five years of financial information submitted on behalf of Business B conducted by members of the Distributing 1 SAG and for Business C conducted by members of the Controlled SAG is representative of the present operations and there have been no substantial operational changes in either business since the date of the last financial statements submitted. The members of the Distributing 1 SAG and Controlled SAG are and, immediately after the First Distribution, will be affiliated with Distributing 1 and Controlled, respectively, in a manner that satisfies section 1504(a), without regard to section 1504(b).
- (c) Neither Business B conducted by the Distributing 1 SAG nor control of an entity conducting this business was acquired during the five-year period ending on the date of the First Distribution in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part. Throughout the five-year period preceding the First Distribution, the Distributing 1 SAG will have been the principal owner of the goodwill, if any, and significant assets of Business B. Following the First Distribution, the Distributing 1 SAG will be the principal owner of the goodwill, if any, and significant assets of Business B.
- (d) Neither Business C conducted by the Controlled SAG nor control of an entity conducting this business was acquired during the five-year period ending on the date of the First Distribution in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part. Throughout the five-year period preceding the First Distribution, the Controlled SAG will have been the principal owner of the goodwill, if any, and significant assets of Business C. Following the First Distribution, the Controlled SAG will be the principal owner of the goodwill, if any, and significant assets of Business C.
- (e) Following the First Distribution, the Distributing 1 SAG and the Controlled SAG will each continue the active conduct of its business, independently and with its separate employees.
- (f) The First Distribution will be carried out to facilitate the Second Distribution and the Global Separation, which are being undertaken in order to achieve the

Corporate Business Purposes. The First Distribution is motivated, in whole or substantial part, by one or more of these Corporate Business Purposes.

- (g) Distributing 1 will neither accumulate its receivables nor make extraordinary payment of its payables in anticipation of the First Distribution.
- (h) No intercorporate debt will exist between Distributing 1 and its subsidiaries, on the one hand, and Controlled and its subsidiaries, on the other hand, at the time of, or after, the First Distribution.
- (i) Apart from certain payments made under the Continuing Agreements, payments made in connection with all continuing transactions between Distributing 1 (or any entity controlled directly or indirectly by Distributing 1) and Controlled (or any entity controlled directly or indirectly by Controlled) will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (j) Any indebtedness owed by Controlled to Distributing 1 after the First Distribution will not constitute stock or securities.
- (k) The First Distribution will not be used principally as a device for the distribution of earnings and profits ("E&P") of Distributing 1 or Controlled or both.
- (l) For purposes of section 355(d), immediately after the First Distribution, no person (determined after applying section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 1 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Distributing 1 stock, that was acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the First Distribution.
- (m) For purposes of section 355(d), immediately after the First Distribution, no person (determined after applying section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Controlled stock, that was either (a) acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the First Distribution or (b) attributable to distributions on Distributing 1 stock or securities that were acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the First Distribution.
- (n) The First Distribution is not part of a plan or series of related transactions (within the meaning of Treas. Reg. § 1.355-7) pursuant to which one or more

persons will acquire directly or indirectly stock representing a 50 percent or greater interest (within the meaning of section 355(d)(4)) in Distributing 1 or Controlled (including any predecessor or successor of either corporation).

- (o) Immediately before the First Distribution, items of income, gain, loss, deduction, and credit will be taken into account to the extent required by the applicable intercompany transaction regulations (see Treas. Reg. §§ 1.1502-13 and -14 as in effect before the publication of T.D. 8597, 1995-2 C.B. 147, and as currently in effect; Treas. Reg. § 1.1502-13 as published by T.D. 8597). Further, any excess loss account that Distributing 1 has in the Controlled stock or in any of the underlying Controlled subsidiaries will be included in income immediately before the First Distribution to the extent required by regulations (see Treas. Reg. § 1.1502-19).
- (p) Neither Distributing 1 nor Controlled is an investment company as defined in section 368(a)(2)(F)(iii) and (iv).
- (q) No property for which an investment tax credit has been taken will be transferred in the First Distribution.
- (r) Immediately after the transaction (as defined in section 355(g)(4)), either (1) no person will hold a 50-percent or greater interest (within the meaning of section 355(g)(3)) in Distributing 1 or Controlled, (2) if any person holds a 50-percent or greater interest (within the meaning of section 355(g)(3)) in any disqualified investment corporation (within the meaning of section 355(g)(2)), such person will have held such interest in such corporation immediately before the transaction, or (3) neither Distributing 1 nor Controlled will be a disqualified investment corporation (within the meaning of section 355(g)(2)).

The Second Distribution

- (s) No part of the consideration to be distributed by Distributing 2 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 2.
- (t) The five years of financial information submitted on behalf of Business A, conducted by members of the Distributing 2 SAG, and for Business C, conducted by members of the Controlled SAG, is representative of the present operations and there have been no substantial operational changes in either business since the date of the last financial statements submitted. The members of the Distributing 2 SAG and Controlled SAG are and, immediately after the Second Distribution, will be affiliated with Distributing 2 and Controlled, respectively, in a manner that satisfies section 1504(a), without regard to section 1504(b).

- (u) Neither Business A nor control of an entity conducting this business was acquired during the five-year period ending on the date of the Second Distribution in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part. Throughout the five-year period preceding the Second Distribution, the Distributing 2 SAG will have been the principal owner of the goodwill, if any, and significant assets of Business A. Following the Second Distribution, the Distributing 2 SAG will be the principal owner of the goodwill, if any, and significant assets of Business A.
- (v) Neither Business C nor control of an entity conducting this business was acquired during the five-year period ending on the date of the Second Distribution in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part. Throughout the five-year period preceding the Second Distribution, the Controlled SAG will have been the principal owner of the goodwill, if any, and significant assets of Business C. Following the Second Distribution, the Controlled SAG will be the principal owner of the goodwill, if any, and significant assets of Business C.
- (w) Following the Second Distribution, the Distributing 2 SAG and the Controlled SAG will each continue the active conduct of its business, independently and with its separate employees.
- (x) The Second Distribution will be carried out to facilitate the Global Separation, which is being undertaken in order to achieve the Corporate Business Purposes. The Second Distribution is motivated, in whole or substantial part, by one or more of these Corporate Business Purposes.
- (y) Distributing 2 will neither accumulate its receivables nor make extraordinary payment of its payables in anticipation of the Second Distribution.
- (z) No intercorporate debt will exist between Distributing 2 and its subsidiaries, on the one hand, and Controlled and its subsidiaries, on the other hand, at the time of, or after, the Second Distribution.
- (aa) Apart from certain payments made under the Continuing Agreements, payments made in connection with all continuing transactions, if any, between Distributing 2 (or any entity controlled directly or indirectly by Distributing 2) and Controlled (or any entity controlled directly or indirectly by Controlled) will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (bb) Any indebtedness owed by Controlled to Distributing 2 after the Second Distribution will not constitute stock or securities.

- (cc) The Second Distribution will not be used principally as a device for the distribution of E&P of Distributing 2 or Controlled or both.
- (dd) For purposes of section 355(d), immediately after the Second Distribution, no person (determined after applying section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 2 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Distributing 2 stock, that was acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the Second Distribution.
- (ee) For purposes of section 355(d), immediately after the Second Distribution, no person (determined after applying section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Controlled stock, that was either (a) acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the Second Distribution or (b) attributable to distributions on Distributing 2 stock or securities that were acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the Second Distribution.
- (ff) The Second Distribution is not part of a plan or series of related transactions (within the meaning of Treas. Reg. § 1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50 percent or greater interest (within the meaning of section 355(d)(4)) in Distributing 2 or Controlled (including any predecessor or successor of either corporation).
- (gg) Immediately before the Second Distribution, items of income, gain, loss, deduction, and credit will be taken into account to the extent required by the applicable intercompany transaction regulations (see Treas. Reg. §§ 1.1502-13 and -14 as in effect before the publication of T.D. 8597, 1995-2 C.B. 147, and as currently in effect; Treas. Reg. § 1.1502-13 as published by T.D. 8597). At the time of the Second Distribution, there will not be any excess loss account in the stock of Controlled or in any of the underlying Controlled subsidiaries.
- (hh) Neither Distributing 2 nor Controlled is an investment company as defined in section 368(a)(2)(F)(iii) and (iv).
- (ii) No property for which an investment tax credit has been taken will be transferred in the Second Distribution.
- (jj) Immediately after the transaction (as defined in section 355(g)(4)), either (1) no person will hold a 50-percent or greater interest (within the meaning of section

355(g)(3)) in Distributing 2 or Controlled, (2) if any person holds a 50-percent or greater interest (within the meaning of section 355(g)(3)) in any disqualified investment corporation (within the meaning of section 355(g)(2)), such person will have held such interest in such corporation immediately before the transaction, or (3) neither Distributing 2 nor Controlled will be a disqualified investment corporation (within the meaning of section 355(g)(2)).

- (kk) Neither Distributing 2 nor Controlled or any of its subsidiaries have been at any time during the five year period ending on the date of the Second Distribution a United States Real Property Holding Company, as defined under section 897(c) and Treas. Reg. § 1.897-2(b).
- (ll) All parties (FSub 2, Distributing 2 and Controlled) will comply with all applicable notice and filing requirements set forth in sections 897 and 1445, and the regulations thereunder.

RULINGS

The First Distribution

- (1) Distributing 1 will not recognize any gain or loss upon its distribution of the stock of Controlled to Distributing 2 in the First Distribution (section 355(c)).
- (2) Distributing 2 will not recognize any gain or loss (and no amount will be included in income) upon its receipt of the stock of Controlled from Distributing 1 in the First Distribution (section 355(a)(1)).
- (3) Distributing 2's basis in the stock of Distributing 1 and Controlled immediately after the First Distribution will equal its basis in its Distributing 1 stock immediately before the First Distribution, allocated between the stock of Distributing 1 and Controlled in proportion to the fair market value of each in accordance with Treas. Reg. § 1.358-2(a) (section 358(a), (b), and (c)).
- (4) Distributing 2's holding period in the Controlled stock received from Distributing 1 in the First Distribution will include the holding period of the Distributing 1 stock on which the First Distribution is made, provided the Distributing 1 stock is held by Distributing 2 as a capital asset on the date of the First Distribution (section 1223(1)).
- (5) Earnings and profits, if any, will be allocated between Distributing 1 and Controlled in accordance with section 312(h) and Treas. Reg. §§ 1.312-10(b) and 1.1502-33(e)(3).
- (6) Any payments between Distributing 1 and Controlled that are made following the First Distribution regarding obligations that (i) have arisen or will arise for a

taxable period ending on or before the First Distribution or for a taxable period beginning before but ending after the First Distribution and (ii) will not have become fixed and ascertainable until after the First Distribution, will be treated as occurring immediately before the First Distribution (cf. *Arrowsmith v. Commissioner*, 344 U.S. 6 (1952); Rev. Rul. 83-73, 1983-1 C.B. 84).

The Second Distribution

- (7) Distributing 2 will not recognize any gain or loss upon its distribution of the stock of Controlled to FSub 2 in the Second Distribution (section 355(c)).
- (8) FSub 2 will not recognize any gain or loss (and no amount will be included in income) upon its receipt of the stock of Controlled from Distributing 2 in the Second Distribution (section 355(a)(1) and Treas. Reg. § 1.367(e)-1(c)).
- (9) FSub 2's basis in the stock of Distributing 2 and Controlled immediately after the Second Distribution will equal its basis in its Distributing 2 stock immediately before the Second Distribution, allocated between the stock of Distributing 2 and Controlled in proportion to the fair market value of each in accordance with Treas. Reg. § 1.358-2(a) (section 358(a), (b), and (c)).
- (10) FSub 2's holding period in the Controlled stock received from Distributing 2 in the Second Distribution will include the holding period of the Distributing 2 stock on which the Second Distribution is made, provided the Distributing 2 stock is held by FSub 2 as a capital asset on the date of the Second Distribution (section 1223(1)).
- (11) Earnings and profits, if any, will be allocated between Distributing 2 and Controlled in accordance with section 312(h) and Treas. Reg. §§ 1.312-10(b) and 1.1502-33(e)(3).
- (12) Any payments between Distributing 2 and Controlled that are made following the Second Distribution regarding obligations that (i) have arisen or will arise for a taxable period ending on or before the Second Distribution or for a taxable period beginning before but ending after the Second Distribution and (ii) will not have become fixed and ascertainable until after the Second Distribution, will be treated as occurring immediately before the Second Distribution (cf. *Arrowsmith v. Commissioner*, 344 U.S. 6 (1952); Rev. Rul. 83-73, 1983-1 C.B. 84).
- (13) Following the Second Distribution, Controlled will not be a successor of Distributing 2 for purposes of section 1504(a)(3). Therefore, Controlled and its direct and indirect subsidiaries that are "includible corporations" (within the meaning of section 1504(b)) and that satisfy the ownership requirements of section 1504(a)(2) will be members of an affiliated group of corporations entitled

to file a consolidated federal income tax return with Controlled as the common parent.

CAVEATS

No opinion is expressed about the tax treatment of the Proposed Transactions under other provisions of the Code or regulations or the tax treatment of any conditions existing at the time of, or effects resulting from, the Proposed Transactions that are not specifically covered by the above rulings. In particular, no opinion is expressed regarding:

- (i) Whether the First Distribution or the Second Distribution satisfies the business purpose requirement of § 1.355-2(b);
- (ii) Whether the First Distribution or the Second Distribution is used principally as a device for the distribution of the earnings and profits of any applicable distributing corporation or controlled corporation or both (see § 355(a)(1)(B) and § 1.355-2(d));
- (iii) Whether the First Distribution or the Second Distribution are part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50 percent or greater interest in any applicable distributing corporation or controlled corporation (see § 355(e)(2)(A)(ii) and § 1.355-8);
- (iv) The tax treatment of steps (i), (ii), (iii), (iv), (v), (viii), (ix), (x), or (xi); and
- (v) The tax treatment of any payment made under the Continuing Agreements

PROCEDURAL MATTERS

This ruling is directed only to the taxpayers who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

A copy of this ruling letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their returns that provides the date and control number (PLR-121860-13) of this letter ruling.

In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely yours,

Maury Passman
Senior Technician Reviewer, Branch 1
Office of Associate Chief Counsel
(Corporate)

cc: